



**L1 CAPITAL  
INTERNATIONAL**

# L1 Capital International Fund

Monthly Report | February 2020

## Monthly Net Performance (%)

PERIOD	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2019</b>			<b>0.8</b>	<b>5.8</b>	<b>-2.7</b>	<b>4.4</b>	<b>2.8</b>	<b>1.5</b>	<b>-0.5</b>	<b>-0.7</b>	<b>4.9</b>	<b>-1.4</b>	<b>15.4</b>
<b>2020</b>	<b>6.0</b>	<b>-2.6</b>											<b>3.2</b>

## One year update

The L1 Capital International Fund returned 19.1% net of fees in its first year, outperforming the Benchmark Index by 4.6%, while holding an average 10.8% cash balance. While we are pleased with the initial returns of the Fund, one year is a short period to measure the return of an investment. We have invested in a portfolio of high-quality businesses which we expect will continue to perform well over a five year plus time horizon.

The Fund's businesses hold leading market positions in well-structured industries. These businesses are governed by seasoned Boards and management who we believe will take advantage of uncertainties and their company's strong financial position to strengthen the competitive position of their business and increase shareholder value over time.

Currently COVID-19 (coronavirus) is creating much uncertainty and is materially disrupting global economic activity. Without discounting the potential humanitarian and financial severity of this issue, investing is always full of uncertainties. The Fund's current 13.5% cash balance provides the opportunity to cautiously and selectively take advantage of current market conditions and invest in high quality businesses at attractive valuations with lower risk.

We thank you for your interest in the Fund.

## L1 Capital International

L1 Capital International is an independent active manager of global equities. We apply a detailed investment process built on a fundamental assessment of quality and value. We aim to deliver attractive risk-adjusted returns by investing in high quality companies that have favourable cashflow-based valuations in well-structured industries that we understand. Capital preservation over the investment horizon is central to our investment philosophy and process. We view risk as a permanent loss of capital as opposed to volatility in share prices.

## Investment Philosophy

L1 Capital International will generally invest in businesses we consider:

- Operate in well structured, growing industries
- Have durable business models
- Have aligned management with a strong capital allocation track record
- Generate growing free cashflow
- Demonstrate an ability to sustain high returns on invested capital
- Management can either reinvest capital at attractive incremental returns and/or return excess capital efficiently to shareholders
- Operate with a conservative balance sheet and funding structure.

## Fund Performance\*

	(%)	Index** (%)	Excess (%)
1 month	-2.6	-4.9	2.3
3 month	1.8	-1.7	3.5
1 year (since inception)	19.1	14.6	4.6

\* Rounded to one decimal place. Numbers may not add due to rounding.

\*\* MSCI World Net Total Return Index in AUD. Returns measured from Index close on 1 March 2019.

## Top 10 Holdings

	Sector
Alphabet	Internet
Aon	Commercial Services
Booking Holdings	Consumer Discretionary
Discover Financial Services	Banks
Facebook	Internet
Fidelity National Information Services	Software
Intuit	Software
Mastercard	Payments
Microsoft	Software
Visa	Payments

## Fund Overview

Portfolio Management	David Steintal (Chief Investment Officer), David Khaw (Portfolio Manager)
Type of Investments	Listed securities globally. Developed market focus. No shorting, no leverage.
Number of Investments	20 to 40
Cash Weighting	0% to 25%
Time Horizon	5+ years
Benchmark	MSCI World Net Total Return Index in AUD
Fee Structure	Management fee: 1.2% p.a. of the net asset value of the Fund (including GST and RITC) Performance fee: 15% over Benchmark, subject to any underperformance being recouped. There must be positive absolute performance (adjusted for distributions) in the Performance Period*.
Minimum Investment	\$25,000
Liquidity	Daily

\* Otherwise positive relative performance is carried forward to the next Performance Period

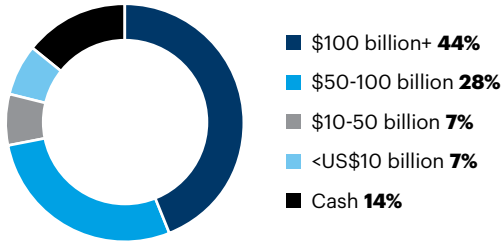


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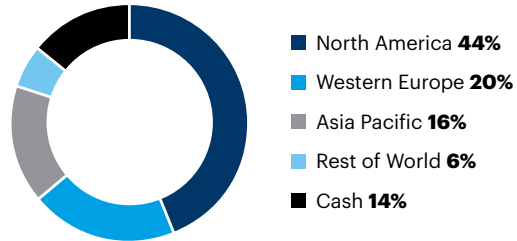
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## Market Capitalisation Exposure

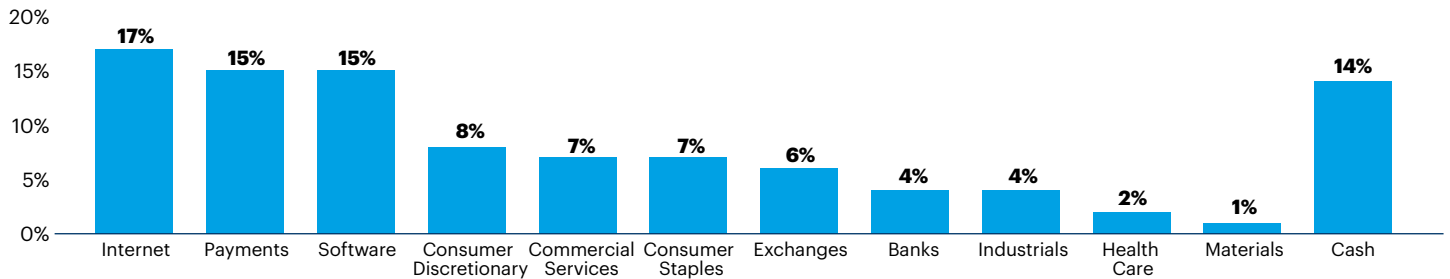


## Revenue Exposure By Region\*



\* Revenue by region is internally estimated on a look through basis based on the underlying revenues of the individual companies held in the portfolio.

## Sector Exposure\*\*



\*\* Industry classification is defined by L1 International to best describe the nature of the underlying businesses.

## Investment Personnel

The investment team is very experienced, having managed large global equities portfolios for some of the most respected and sophisticated family office and pension fund investors.



### David Steintal

**Chief Investment Officer**

Over 20 years' experience across global equities, direct listed and unlisted investments and investment banking in New York and Sydney including Senior Portfolio Manager/Investment Committee Member at Lowy Family Group (2009-2018).



### David Khaw

**Portfolio Manager**

18 years' experience across global equities, equity research and asset management in Sydney, Melbourne and London including Portfolio Manager at Tesco Pension Investment (2016-2018).



### Chen Lin

**Senior Analyst**

Over 10 years' experience across global equities, corporate development and investment banking including Senior Analyst at PM Capital (2014-2018) with primary coverage for a range of global and regional sectors.

## Information contained in this publication

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